Dev / **(1948) Department.**

Ms **SERIES.**

G.O. NO 3822

Dated 19-7-48

[Despatch Abstract.]

-cts and Rules — State Govt to Industries
- Application from the Vegetable products Hostel for State accepted

Industries and Commerce Department.

From
The Director of Industries & Commerce, Madras.

To
The Secretary to Government, Development Department, Madras.

No.S.a.3568/48, dated 10.7.48.

Sir,

Sub:- State Aid to Industries-The Vijayanagara Industries Ltd., Hospet-application for subscription of shares by Government in the concern.

Sri V.L. Narayana Rao, Advocate, Hospet on behalf of the Vijayanagara Industries Ltd., Hospet, Bellary district, applied under the Madras State Aid to Industries Act for subscription of shares by Government in the concern to the value of Rs.50,000/- or a loan of the said sum. I enclose a copy of the application together with a copy of the note prepared thereon for the use of the Board of Industries.

The application was placed before the Board of Industries at its meeting held on 6.7.1948 when the Board resolved that further consideration of the application be dropped as the applicants failed to deposit the cost of publication of notice inviting objections to the grant of the aid within fourteen days from the date on which they were requested to do so.

An extract of the proceedings of the meeting of the Board is enclosed.

For Director of Industries and Commerce.

NOTE FOR THE BOARD OF INDUSTRIES.

Application from the Vijayanagara Industries for subscription of shares of value of Rs. 50,000.

Sri. V.CL. Narayana Rao, Advocate, Hospet(Bellary district), on behalf of the Vijayanagara Industries Ltd., Hospet, applied to the Government of Madras on 24-1-48 under the State Aid to Industries Act. The application was for subscription of shares of the company of value Rs.50,000/- The application was a singular one in as much as it did not furnish a direct answer to any one of the questions asked of the applicant but attempted to throw the responsibility of furnishing the answers on the Department of Industries. The Industries Department was asked to furnish the list of machinery to be purchased, determine the number and type of operatives to be employed and the expenditure to be incurred and estimate the profits to be earned. In short, as stated in one place, the application required Government not only to provide the finance but also to run the industry itself with the staff of the Industries Department. It will be evident from the above that the applicant had very vague ideas if at all any, of the industries he proposed to run and this is borne out by the list of industries mentioned in the application as representing the objects of his company, namely, manufacture of tiles, bricks and clay products, pectin manufacture, paint manufacture, manufacture of pencils, chalks and crayons, manufacture of wood products and wood charcoal, etc. etc

It was pointed out to the applicant that the Industries Department could not take on itself the task of running the applicant's industry and that he should find the proper men for this work. The Department would assist the applicant, if necessary in finding such men. The applicant should ascertain full data about the industry which he proposed to run and not merely sign at the bottom of the application form and expect the Industries Department to fill in all the details. The applicant was also advised not to apply for subscription of shares by Government as this might not be recommended by the Board of Industries in view of the nature of the industries proposed to be taken up by his company.

Inspite of the above advice, the applicant again submitted an application which was similar to the previous application except for the fact that the applicant now defined the immediate object of his company to be the starting of a tile and brick factory and furnished more definite answers to the questions in the application with the aid of information collected from a District Industries Officer of this department

As per Section 8(2) of the Madras State Aid to Industries Act, the applicant was then requested to deposit a sum of Rs. 400/- towards the cost of publication of notices inviting objections to the grant of aid. Although the above request was dated 12-6-48, the applicant has not deposited the amount to date but has instead sent a letter requesting opportunity to make certain representations to the Director of Industries and Commerce. As per the rules framed under the Act, further consideration of the application has to be dropped.

The views of the Board of Industries are invited on the application.

Office of the Director of Industries, Commerce, Madras, dated 13.7.48.

FORM OF APPLICATION FOR AID UNDER THE MADRAS STATE AID TO INDUSTRIES ACT 1922. (MADRAS ACT V OF 1923).

1. Name of the applicant and his full address.	THE VIJAYANAGARAM INDUSTRIES LIMITED HOSPET.
2. Nature of the industrial concern for which aid is sought.	The company begins with the file & Brick manufacture in the first instance.
The administrative technical and executive staff existing or to be appointed with qualifications.	One engine Driver. Eight men at the roller and the pug mill, 13 men at each hand press. eight at the kiln, six at the clay pits in all 36 men and four women. The staff will be increased as and when necessary as recommended by the Ceramic Expert.
4. Facilities available for the development of the industry-	Please vide Enclosure A to the application dated 24-1-48.
5. Natuee of the processes to be employed	Processes as in a tile and brick factory- electrical energy will be utilised but in the mean while an oil engine.
6. Details of plant and machinery installed or to be installed at the works.	Engine 30 H.P. 2 pug mills with one set of two rollers, two hand operated tile presses, two sets of tile dies, two table as furnished by the Industries Officer, Calicut.
7. Total estimated cost of the undertaking and the propobable time that will be occupied.	Rs.60,000/- in its execution. for a tile factory producing 5000 tiles a day. The minimum working capital for the economic working of the factory is Rs.20,000/- The quotations are with the Ceramic Expert.
8. Approximate number of operatives employed or to be employed.	In all skilled and unskilled workmen and women will be 36 men and four women.
9. Estimated net expenditure per annum in running the works.	The minimum working capital for economic working of the factory is about Rs.20,000/- (District Industries Officer's estimate).
10. Estimated net profits accruing.	The net minimum profit per annum a factor producing 5000 tiles a day will bring in bad year is Rs.6000/- (Vide District Industries Officer, Calicut dated 18.11.4
11. Reasons why the business cannot be financed without State assistance.	It is considered desirable to make this a institution of middle class men such as wage earners. Salaried men, ryots and sm traders. The shares are intended to be d tributed as widely as possible so that t poorest man may have an interest in the institution. Collection of money has bee difficult as they are wage earners. The shares that would be taken by the Govern may be transferred gradually to small sha holders as when they pay their money.
12. Nature and extent of State aid applied for.	The Government may subscribe for at least five thousand shares of the face value of Rs.50,000/- or a loan of the said sum.

(Continued)

13. Security offered.	All the moveable and immoveable properties of the company that would be purchased.
14. Nature and extent of the applicant's concern whether as co-sharer, or proprietor or otherwise his financial resources.	It is concern of small share holders. No exclusive right to any share holder.
15. Nature and extent of the applicant's right in the property offered as security.	Nil.
16. Nature and extent of encumbrances on the immoveable property offered as security primary or collateral.	Nil.
17. Whether any arrears are due on the immoveable property offered as security, primary or collateral.	Nil.
18. Period within which and the number of instalments in which the applicant proposes to repay the loan.	Two or three years after commencement of business the Government if it consider necessary may transfer the shres to others.
19. Approximate additional net income as a result of the proposed expenditure.	Please vide item No.10 above.
20. If the application is from a joint stock company the amount of capital actually subscribed and paid up and the number of shares held by each of the Directors and their salary and fees and other perquisites should be stated.	Capital five lakhs divided into fifty thousand shares of Rupees ten each. issued and subscribed twenty-five thousand shares of the face value of Rs. two lakhs and fifty thousand. Directors salareies nil. Sitting fees Vide articles copy enclosed. List enclosed C to the application dated 24.1.48 Paid up is five percent of the issued capital. Copy of the Memorandum and the articles already submitted.
21. Any other remarks.	The government aid for subscribing for shares of the company is sought to infuse confidence in the public in the concern which is really promising to enable the small men to subscribe freely for shares. This industry is a novel one in this part of the Presidency, where there are no facilities for this industry.

Declaration.

I, V... Narayana Rao, Advocate and Chairman and the Board of Directors, declare that the statements made above are true to the best of my information and belief.

IS./13.7.

/True copy/

Superintendent

Extract of the minutes of the meeting of the Board of Industries held on the 6th July 1948.

Application from the Vijayanagara Industries Ltd., Hospet, Bellary district for subscription of shares by Government of the concern of the value Rs. 50,000/- Since the applicants had failed to deposit the cost of publication of notice inviting objections to the grant of aid within 15 days from the date on which they were requested the Board resolved that further consideration of the application be dropped.

/True copy/

Superintendent.

C.F. 17.

DRAFT FOR APPROVAL.

Dev. Deptt.

	Date.	Initials.
When received for fair copying ..		
When copied ..		
When examined..		
When signed ..		
When despatched.		

SUBJECT:— Acts and Rules - State Aid to Industries Act - Application from The Vizianagar Industries Ltd., Hospet — for State Aid - Rejected.

READ AGAIN _____, dated _____ 19____.

" " _____ " _____ 19____.

READ *ALSO*:—

No. 8305 From the D.F.C., No. SA 3565/48, dated 6-7- 1948.

" _____ " _____ " _____ " _____ 19____.

" _____ " _____ " _____ " _____ 19____.

Order ~~Resolution~~ Ms. No. 3822, dated 19-7 19 48

The Board of Industries having declined to recommend the application from the Vizianagara Industries Ltd., Hospet, the application is rejected under Section 8(5) of the Madras State Aid to Industries Act 1922 (Madras Act V of 1923.)

To The D.I.& C.
S/cs. 2.